

Message Text

LIMITED OFFICIAL USE

PAGE 01 WARSAW 06877 151650Z

42

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SP-02 AID-05 EB-04 NSC-05

RSC-01 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01

CIAE-00 COME-00 FRB-01 INR-05 NSAE-00 XMB-02 OPIC-03

LAB-01 SIL-01 ABF-01 OPR-01 CU-02 FS-01 L-02 H-01

PA-01 PRS-01 USIA-06 SAJ-01 IO-10 /089 W

----- 122643

P R 151549Z NOV 74

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC PRIORITY 2192

INFO AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

LIMITED OFFICIAL USE WARSAW 6877

E.O. 11652: N/A

TAGS: EFIN, PL

SUBJECT: POLAND ALTERS PKO DOLLAR-ZLOTY RELATIONSHIP

REF: WARSAW 6766

DEPARTMENT PASS TREASURY FOR GERALD PARSKY

1. ON NOVEMBER 14 THE POLISH PRESS PUBLISHED A
COMMUNIQUE FROM THE BANK OF POLSKA KASA OPIEKI SA (BANK PKO)
ANNOUNCING THAT AS OF JANUARY 1, 1975, PKO WILL PURCHASE
CONVERTIBLE CURRENCIES AND PKO "COUPONS" FOR ZLOTYS AT
33.20 ZLOTYS TO THE DOLLAR, THAT IS, AT THE RATE OF
EXCHANGE APPLIED TO TOURISTS IN POLAND. THE PRESENT
RATE FOR THESE PURCHASES IS 60 ZLOTYS TO THE DOLLAR.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 WARSAW 06877 151650Z

THE COMMUNIQUE ALSO STATED THAT THE CONDITIONS OF

PURCHASE OF COUPONS FOR CONVERTIBLE CURRENCY AND THE CONDITIONS OF SALE OF GOODS IN "INTERNAL EXPORT" (HARD-CURRENCY SHOPS) WILL NOT BE ALTERED. THE EFFECT OF THIS CHANGE ON THE US-POLISH AGREEMENT ON PAYMENT OF ANNUITANTS IS THE SUBJECT OF A SEPARATE MESSAGE.

2. VICE MINISTER OF FINANCE MARIAN KRZAK TOLD US THAT THIS "RELATIONSHIP" IS SET BY BANK PKO AND DOES NOT CONSTITUTE AN OFFICIAL RATE OF EXCHANGE. BANK PKO SELLS ITS HARD CURRENCY TO THE NATIONAL BANK OF POLAND AT THE "SPECIAL RATE", NOW 19.92 ZLOTYS TO THE DOLLAR, AND MUST COVER THE DIFFERENCE BETWEEN 60-1 AND 19.92-1 OUT OF ITS OWN RESOURCES, THE MINISTER SAID. AFTER AN ANALYSIS OF ITS FINANCIAL SITUATION, BANK PKO DECIDED THAT IT WAS NO LONGER POSSIBLE TO SUPPORT THE 60-1 RELATIONSHIP, PARTICULARLY IN VIEW OF WESTERN INFLATION. THE MINISTER SAID THAT THE DECISION TO CHANGE THE RELATIONSHIP HAD IN FACT BEEN TAKEN SOME TIME AGO.

3. THE MINISTER FORESAW LITTLE EFFECT ON THE VOLUME OF REMITTANCES FROM ABROAD AS A RESULT OF THIS DECISION. REMITTANCES MAY BE PAID OUT IN POLAND IN HARD-CURRENCY DEPOSITS IN BANK ACCOUNTS; IN PKO DOLLAR-DENOMINATED MERCHANDISE COUPONS; OR IN ZLOTYS. TRANSFERS TO BE PAID IN ZLOTYS WILL, AFTER JANUARY 1, BE PAID AT 33.20 INSTEAD OF 60 TO THE DOLLAR. BUT THE MINISTER SAID THAT NO MORE THAN TWO OR THREE PERCENT OF REMITTANCES ARE PAID OUT IN ZLOTYS. REMITTANCES TOTAL ABOUT \$70 TO \$80 MILLION ANNUALLY, HE SAID.

4. PKO COUPONS REDEEMABLE FOR GOODS AT HARD-CURRENCY SHOPS, ARE NOT CONSIDERED CURRENCY AND MAY LEGALLY BE PRIVATELY SOLD. ACCORDING TO A CONSULTANT TO THE BOARD OF DIRECTORS OF BANK PKO, THE CURRENT PRICE PAID FOR THE COUPONS IS ABOUT 70 ZLOTYS TO THE DOLLAR. THE CONSULTANT ALSO SAID THAT COUPONS MAY BE SOLD ONLY ONCE AT NEGOTIATED PRICE: FURTHER TRANSFERS MUST BE AT A PRICE NO HIGHER THAN THAT OF THE INITIAL SALE. MINISTER KRZAK SAID IT WAS HOPED THAT THE PRICE OF COUPONS WOULD FALL, BUT HE RECOGNIZED THAT THE PRICE WAS MORE DEPENDENT ON THE DEMAND FOR GOODS AVAILABLE IN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 WARSAW 06877 151650Z

HARD-CURRENCY SHOPS THAN ON THE PKO DOLLAR-ZLOTY RELATIONSHIP.

5. COMMENT: WE AGREE WITH THE MINISTER THAT THIS DECISION WILL NOT AFFECT THE VOLUME OF REMITTANCES, A LUCRATIVE SOURCE OF FOREIGN EXCHANGE WHICH POLAND COURTS. ALTHOUGH WE DOUBT THAT THIS STEP IMPLIES EARLY CHANGES IN EITHER THE TOURIST RATE OR THE SPECIAL RATE,

WE DO NOT DOUBT THAT ITS ANNOUNCEMENT WILL INSPIRE
RUMORS AND DISCONTENT AMONG THOSE POLES PRIVILEGED TO
HAVE ACCESS TO HARD CURRENCY.
DAVIES

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, DOLLAR, FOREIGN EXCHANGE RATES, ZLOTY
Control Number: n/a
Copy: SINGLE
Draft Date: 15 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974WARSAW06877
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740330-0739
From: WARSAW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741137/aaaabffw.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: WARSAW 6766
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 14 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 MAY 2002 by boyleja>; APPROVED <08 JUL 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POLAND ALTERS PKO DOLLAR-ZLOTY RELATIONSHIP
TAGS: EFIN, PL
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005